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IBSEC-AR/3
26 April 1962

UNITED STATES INTELLIGENCE BOARD
SECURITY COMMITTEE
Third Annual Report

I. AUTHORIZATION

The USIB Security Committee operates under DCID 1/11 (New Series), dated 24 March 1959.

II. PERIOD COVERED

This report covers activities during the period 26 March 1961 through 25 April 1962.

III. OBSERVATIONS

The Security Committee, among other responsibilities, is charged with the responsibility for promoting uniform security policy, practices and procedures for the protection of intelligence, intelligence information, and intelligence sources and methods. Uniformity is necessary since a variation or a weakness in the system of handling intelligence by one department may qualify the effectiveness of the security programs,

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practices and procedures of other agencies. Departments and agencies of the intelligence community should expect equal and adequate security protection for intelligence information disseminated to any recipient.

In attempting to achieve uniform practices and procedures, the actions of the Security Committee must be consonant with the fact that security is the responsibility of each individual department head. Certain variations exist in security programs, practices and procedures in accordance with the particular requirements, needs and budgetary limitations of each department. However, it must be recognized that due to requirements for the protection of methods and sources, intelligence does require special handling and protection which exceeds the minimum standards for other classified defense information. In actuality; therefore, there exists a system for the protection and control of intelligence which is distinct and separate from other classified defense information. In view of the above departmental considerations, the Committee, in its efforts to promote uniformity, does encounter definite problems and difficulties.

Despite these factors, the Committee feels that progress has been made and there has been a definite improvement in the systems

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of security control and protection. The Committee has, within the limitations indicated above, recommended certain actions which were approved by the USIB and which represent a step in the direction of effective and uniform security practices and procedures. These actions include the Presidential Directive on Disclosures of Classified Intelligence and the Agreed Guidance to implement the Directive; the issuance of DCID 1/7, Controls for Dissemination and Use of Intelligence and Intelligence Information; the current drafting of legislation for proposed revision of statutes to facilitate protection of intelligence and those actions on the recommendations of the Joint Study Group. Included in these actions is Recommendation No. 18 on Counterintelligence and Security which is in the final process of presentation to the USIB.

The Security Committee is aware of the current developments in the intelligence community and the need for security to keep pace with these developments. Security practices must be adapted on a timely basis to recognize that a greater volume of intelligence is being produced; that there is a wider dissemination of intelligence even beyond the intelligence community; that intelligence is moving

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more rapidly through the fast reporting systems; and new methods of intelligence collection are being employed which require unusual security protection, both from the source and intelligence end-product standpoint.

In regard to the above, the Security Committee wishes to note certain problems existant in the intelligence community with comments as to security objectives in consideration of these problems.

(a) Unauthorized Disclosure of Intelligence

It should be realized that a considerable volume of information, generally relating to intelligence interests, has become available to the public press, through Government public releases and normal press coverage of Government activities. From this body of information, specialists in the newspaper fields can arrive at fairly accurate estimates and assumptions concerning classified intelligence activities or developments. These estimates or assumptions are sometimes confirmed by unauthorized disclosures of intelligence and once so confirmed become the basis for

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future news estimates. Many of these news articles relate to political objectives and postures developed on the basis of intelligence estimates or assumptions. The Security Committee is sometimes troubled in its investigation of an unauthorized disclosure as to whether or not the disclosure was actually authorized by a responsible official to serve some political or propaganda purpose. If a disclosure was so authorized and the fact made known to the responsible officials, a vast amount of unnecessary and unproductive investigative effort could be saved. The Committee wishes to point out that authorized channels exist whereby intelligence proposed for public release can be properly sanitized to protect sources and methods. Failure to use these authorized channels can cause serious damage to the intelligence effort, sources and methods and can result in unwarranted investigative effort. Continued emphasis and strict enforcement of departmental controls in this field should serve as a deterrent to unauthorized disclosures.

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(b) Control of Information

Newly issued DCID 1/7, "Controls for Dissemination and Use of Intelligence and Intelligence Information," establishes standards for uniform practices and procedures for the dissemination and use of intelligence and intelligence information. Controls will be set forth in the regulatory systems of each USIB member agency to ensure like protection of intelligence by all recipients. The Security Committee feels that six months after this Directive becomes effective a coordinated review should be made to ensure that the Directive is being uniformly implemented.

(c) Security Clearance Procedures

The Security Committee continues to promote efforts to establish uniform personnel security policies, practices and procedures for individuals engaged in or having access to intelligence. Differences in the individual departments and

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agencies do exist. These differences are predicated upon existing internal policies, budget limitations and the expectation of the need for considerable expansion of investigative capabilities if changes in criteria are made. While these factors are regarded as valid from the standpoint of the individual departments and agencies, the basic premise of uniform criteria should be recognized. A conscious program by the departments and agencies conducted with a view to establishing uniform criteria would be desirable.

IV. OBJECTIVES

The Committee will continue to promote effective security policies, practices and procedures and will attempt to achieve uniformity wherever possible. This, of course, can only be achieved through closely coordinated action and a willingness on the part of the individual departments and agencies to achieve such a goal.

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V. ACTIVITIES

A. Recommendations of the Joint Study Group Report on "Foreign Intelligence Activities of the United States Government," dated 15 December 1960.

By memorandum from the Chairman, USIB, to the Members of the Board (USIB-D-1.5/4, 21 February 1961), as concurred in by the USIB at its meeting on 28 February (USIB-M-142, Item 5), the Security Committee was given primary responsibility to consider Recommendations Nos. 14, 18 and 42 of the Joint Study Group, and was included for coordination to consider Recommendation No. 10. Committee action on Recommendations Nos. 10, 14 and 42 has been completed. Recommendation No. 18 has been forwarded to the USIB. The action taken by the Committee in each of the Recommendations is indicated below.

Recommendation No. 10

The Committee inquiries determined that there was no shortage of translators due to security clearance difficulties for use on non-COMINT information. This finding was included in the COMINT Committee's report to the Board on this recommendation (USIB-C-9. 7/5, 18 May 1961).

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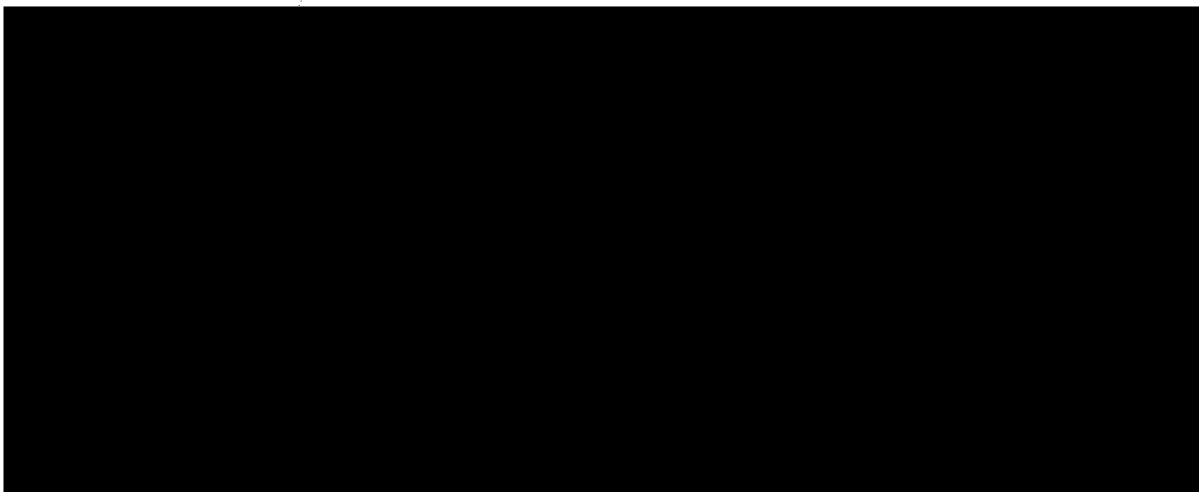
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Recommendation No. 42

The Committee report concerning this Recommendation was approved by the Board on 7 September 1961 (USIB-D-1.5/11, Attachment A).

In its report, the Committee recommended that the USIB member agencies furnish support to the NSC Special Committee on

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The Board reviewed and noted the annual report of the NSC Special Committee, dated 16 June 1961, concerning the accomplishments and objectives of that committee.

Recommendation No. 14

The Security Committee report (USIB-D-1.5/22, 22 March 1962) concerning this recommendation was approved by the Board at its meeting on 4 April 1962. The Committee found that existing

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community-wide systems of compartmentation are necessary and did not result in vital information being withheld from organizations or individuals with urgent national security responsibilities. The Committee further found that security clearance practices in compartmented programs were generally uniform.

In certain instances, limitations on the number of clearances necessary for access to compartmented information resulted in an insufficient number of personnel to carry out programs utilizing compartmented information.

The Committee recommended that the USIB member departments and agencies review periodically compartmented systems regarding granted clearances. Further, the Committee recommended that the USIB member department and agencies consider including within existing interdepartmental systems of compartmentation any proposed new interdepartmental system to control an activity in the collection or use of intelligence.

Recommendation No. 18

An ad hoc working group of the Security Committee was formed to consider this recommendation. The working group has reported its findings to the Committee and the Committee report has been forwarded to the SIGINT Committee for coordination prior to submission to USIB.

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B. Implementation of Executive Order No. 10501, "Safeguarding Official Information in the Interests of the Defense of the United States."

The Committee initially reviewed for the Board a draft report by the ICIS proposing amendments to Executive Order No. 10501 (USIB-M-166, Item 10, 1 August 1961 and USIB-D-9.1/1, 11 August 1961), and subsequently reviewed for the Board the final ICIS proposal as circulated for comment by the Bureau of the Budget (USIB-D-9.1/2, 11 September 1961, and USIB-D-9.1/3, 15 September 1961).

Comment from the USIB was requested concerning a proposed system of automatic downgrading and declassification of classified defense information, and a provision for prompt administrative and punitive action to be taken in cases involving the unauthorized disclosure of classified information.

The Board, in its reports to the ICIS and the Bureau of the Budget, recommended that intelligence information be excluded from automatic downgrading and declassification due to the protection of sources and methods. The Board supported the provision concerning prompt administrative and punitive action to be taken in cases involving unauthorized disclosures. The Board took no position as concerns the proposed changes in requirements for the storage of

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classified information, since this was considered a matter for each department and agency to consider.

The amendments to the Executive Order as approved by the President on 20 September 1961 (Executive Order 10964) authorized the exclusion of intelligence from the automatic system of downgrading and declassification. The amendments also included the provision for prompt administrative and punitive action in cases involving unauthorized disclosures.

C. Issuance of DCID 1/7 Rescinding DCID 11/2.

DCID 1/7 "Controls for Dissemination and Use of Intelligence and Intelligence Information" was approved by the USIB at its meeting on 21 February (USIB-D-9.3/2 (Rev.), 1 March 1962).

The new Directive promotes uniformity and mutual understanding for the control of dissemination and use of intelligence and intelligence information through the requirement that the control markings and procedures set forth in the Directive must be included by the USIB member agencies within their regulatory systems.

The Committee considered in detail practices within the intelligence community concerning the dissemination and use of intelligence. Considerable variances were noted and there was a lack of mutual

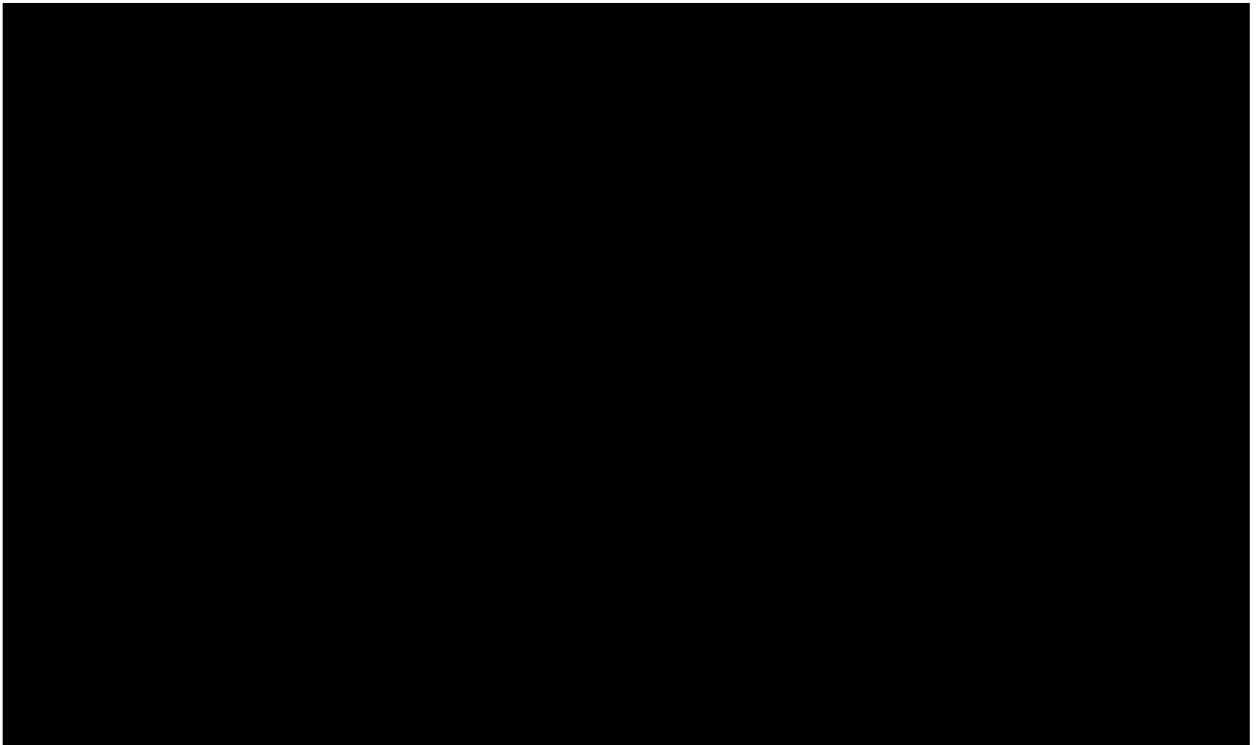
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understanding. The Directive sets forth control markings and procedures which clearly indicate the manner of application both as to dissemination and use.

The revised Directive should facilitate the production of intelligence by virtue of certain advance consent provisions which permit ready use of intelligence without the necessity of obtaining the consent of the originator in each specific case.

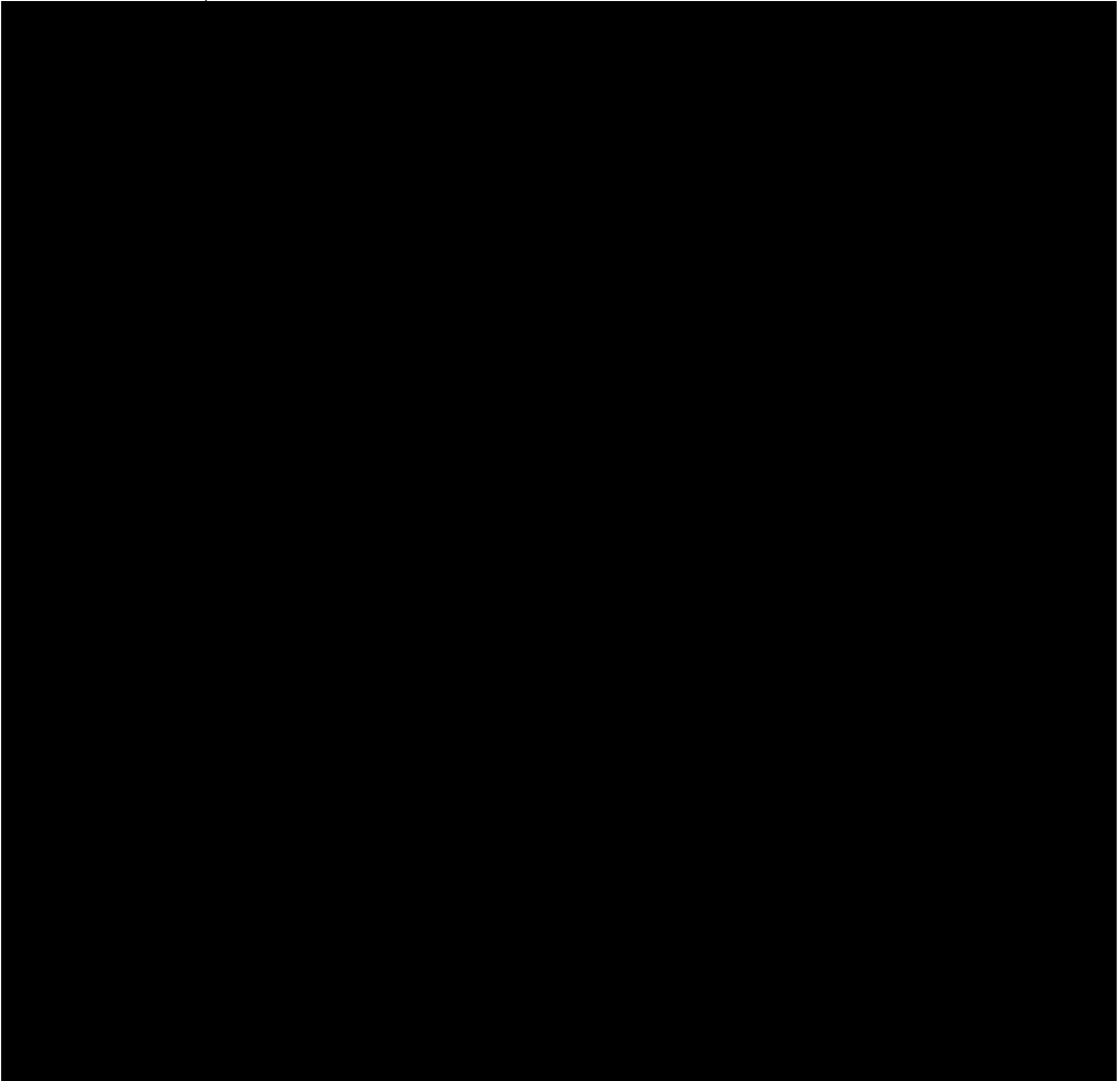
The Directive will not become effective until 21 August 1962 since a period of adjustment will be required to revise existing procedures in accordance with the provisions of the Directive.

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E. Ad Hoc Committee to Study Legislation for the Protection of
Classified Intelligence Information.

In accordance with the recommendations of the Security Committee (USIB-D-9.6/3, 23 September 1960), as approved by the Board

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at its 27 September 1960 meeting, the Ad Hoc Committee to study legislation for the protection of classified intelligence was formed under the chairmanship of the General Counsel, CIA.

A drafting working group of the Ad Hoc Committee has prepared a draft of proposed legislation which is to be submitted shortly to the Ad Hoc Committee and the Security Committee for joint consideration. Upon completion of this action, the legislative proposal will be submitted to the Board for its consideration.

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